

1 HOUSE JOINT RESOLUTION NO. 34

2 INTRODUCED BY BALYEAT, ANDERSEN, R. BROWN, BRUEGGEMAN, CURTISS, DEVLIN,
3 FORRESTER, FUCHS, GEBHARDT, JACKSON, KEENAN, LAKE, LEWIS, MCGEE, MOOD, PERRY,
4 RIPLEY, SALES, SINRUD, SPRAGUE, STOKER, F. THOMAS, TROPILA, WAITSCHIES, WITT, YOUNKIN

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6 A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF
7 MONTANA URGING CONGRESS TO ENACT AND THE PRESIDENT OF THE UNITED STATES TO
8 APPROVE LEGISLATION TO ALLOW TAXPAYERS TO DEDUCT SALES TAXES ON THEIR FEDERAL
9 INCOME TAX RETURN.

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11 WHEREAS, national economic studies show that states that rely on sales taxes for governmental
12 revenue generally experience stronger economic growth than those states that rely on income taxes for
13 governmental revenue; and

14 WHEREAS, until 1986, federal law allowed taxpayers to deduct sales taxes on their federal income tax
15 return; and

16 WHEREAS, the Tax Reform Act of 1986 removed the ability of taxpayers to deduct sales taxes on their
17 federal income tax return; and

18 WHEREAS, not allowing the deduction of sales taxes on the federal income tax return discriminates
19 against those states that do not impose income taxes and is counterproductive to economic growth; and

20 WHEREAS, a major impediment preventing Montana from switching from the income tax to a sales tax
21 is the higher federal tax burden that Montana taxpayers would face because they would not be allowed to deduct
22 sales taxes on their federal income tax return; and

23 WHEREAS, the United States Congress has recently considered legislation to restore the deduction of
24 sales taxes on the federal income tax return; and

25 WHEREAS, federal policy should encourage states to develop tax policies, including the use of sales
26 taxes to fund government services, that encourage economic growth.

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28 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF
29 THE STATE OF MONTANA:

30 That the Legislature urge Congress to enact and the President of the United States to approve

1 legislation to allow taxpayers to deduct sales taxes paid on their federal income tax return.

2 BE IT FURTHER RESOLVED, that the Legislature encourage the Montana Congressional Delegation
3 to work in its respective houses of Congress for the enactment of federal legislation that would allow taxpayers
4 to deduct sales taxes paid from their federal income tax return.

5 BE IT FURTHER RESOLVED, that the Secretary of State send copies of this resolution to the Honorable
6 George W. Bush, President of the United States, the President of the United States Senate, the Speaker of the
7 House of Representatives, and each member of Congress from the State of Montana.

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